

Cash For Gold Scam – Easy Cash or Easy Scam?

They're everywhere – on TV radio and the internet, in newspapers and magazines, and even on signs by the side of the road. Offers of "cash for gold" can be tempting in these cash-strapped times. But, is selling your grandmother's wedding ring a good idea? Even if you are willing to part with some of your stash of gold jewelry, how do find the best deal and avoid being the victim of a scam?

Know what it's worth.

Different buyers will often offer widely different amounts for the same piece of jewelry. The price of gold that is listed in the daily news is not a good indicator of what you'll receive for your gold jewelry. The "troy ounce" used to measure by investors to weigh gold is heavier than the ounce used in everyday measures.

In addition, the price that sellers pay is not based on the weight of the jewelry, but on the weight of the gold it contains. A 14-karat ring, for example, is only 58.5% gold. To figure out the percentage of a piece of pure gold in your jewelry, divide the number of karats by 24.

Since the buyer has to cover marketing and refining costs -- and wants to make a profit too – the price you are offered will be lowered to offset those costs.

Shop for your buyer.

As a general rule, you should skip the ads that are blanketing the airwaves and internet that ask you to mail-in your jewelry for a price quote. These companies know that most consumers won't go to the trouble of mailing their jewelry back and forth to several companies in order to compare prices. As a result, the prices offered by mail-in companies are usually far below the value of the jewelry.

In addition, while there are legitimate mail-in companies, many are simply con artists who will claim they never received the jewelry. Be careful of companies that do not have a physical address and instead use post office or private boxes for shipments. A reputable company should also provide a telephone number

and the name of someone in the company with whom you can discuss your transaction. The Federal Trade Commission reports that it has

begun to hear from consumers who complain that some online jewelry buyers provide a price quote only if asked. In some cases, consumers submit their items and receive payment only after buyers have melted their items into their raw form. Once that happens, dissatisfied consumers have limited recourse.

Traditional jewelers, coin dealers and even pawnshops are more reliable buyers of gold jewelry and household items. For certain types of jewelry, there may be an advantage to selling to jewelry store. If the piece is an antique or made by a known designer, a jeweler may buy it for more than its raw-gold value. You may also be able to get money for diamonds in the piece, if they're at least 0.25 carat. If you are looking for cash in order to buy other, more expensive jewelry, jewelers will generally give you a better deal for your trade-in jewelry.

Otherwise, consumers should go to several different kinds of buyers to get their best price. Be wary of anyone who pressures you to sell on the spot, and take time to think about whether even the best price offered is worth giving up an heirloom or other sentimental keepsake. Finally, check the complaint record of any business you are thinking of using by calling the Howard County Office of Consumer Affairs at 410-313-6420.

To obtain this factsheet in an alternative format please contact the Office of Consumer Affairs at 410-313-6420 (voice/relay) or email us at consumer.howardcountymd.gov

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